

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| THE APPLICATION OF SOUTHERN MADISON |) | |
| WATER DISTRICT FOR APPROVAL TO CONSTRUCT |) | CASE NO. |
| WATER LINE EXTENSIONS |) | 9958 |

O R D E R

By Order entered August 14, 1986, in Case No. 9596 the Southern Madison Water District ("Southern Madison") was granted a certificate of convenience and necessity for construction of distribution system extensions to serve 100 applicants for service. The \$827,500 in project funds secured by Southern Madison exceeded the needs for its new project. This surplus presented Southern Madison with an opportunity to extend service to additional residents of Madison County. The Commission recognized this opportunity and approved Southern Madison's \$827,500 plan of financing.

On June 26, 1987, Southern Madison filed a letter requesting approval to construct water line extensions using the remaining funds approved in Case No. 9596. The Commission treated Southern Madison's letter as a motion to reopen Case No. 9596. By Order entered July 14, 1987, Southern Madison's motion filed June 17, 1987, has been assigned a separate case number in lieu of reopening Case No. 9596 as proposed. The record of Case No. 9596 was also incorporated by reference in the instant case by the July 14, 1987, Order.

The construction plans and specifications prepared by Charles E. Black, Consulting Engineers, of Richmond, Kentucky, ("Engineer") have been approved by the Division of Water of the Natural Resources and Environmental Protection Cabinet.

The Commission, after consideration of the application and the record of Case 9596 and the instant case, is of the opinion and finds that:

1. Public convenience and necessity require that the construction proposed in the application and record be performed and that a certificate of public convenience and necessity be granted.

2. The proposed construction includes approximately 2.7 miles of 6- and 4-inch diameter pipelines and miscellaneous appurtenances thereto to serve 23 customers.

3. The construction costs will total about \$56,151. The remaining funds (\$65,467) approved in Case No. 9596 will be adequate to pay for this work and should be approved for this purpose.

4. Any deviations from the construction herein approved which could adversely affect service to any customer should be done only with the prior approval of this Commission.

5. Southern Madison should furnish duly verified documentation of the total costs of this construction including all capitalized costs (engineering, legal, administrative, etc.) within 60 days of the date that construction is substantially completed. Said costs should be classified into appropriate plant

accounts in accordance with the Uniform System of Accounts for Water Utilities prescribed by this Commission.

6. Southern Madison should require the Engineer to provide full-time resident inspection under the general supervision of a professional engineer with a Kentucky registration in civil or mechanical engineering to ensure that the construction work is in conformance with the best practices of the construction trades involved in the project.

7. Southern Madison should require the Engineer to furnish a copy of the "as-built" drawings and a signed statement that the construction has been satisfactorily completed in accordance with the contract plans and specifications within 60 days of the date of substantial completion of this construction.

8. The \$65,467 in funds remaining from those approved by Order entered August 14, 1986, in Case No. 9596 are the funds to be utilized by Southern Madison for financing the construction herein proposed. The use of said funds by Southern Madison for this purpose is for lawful objects within its corporate purposes, is necessary and appropriate for and consistent with the proper performance of its services to the public and will not impair its ability to perform these services. The financing is reasonably necessary and appropriate for such purposes and should, therefore, be approved.

IT IS THEREFORE ORDERED that:

1. Southern Madison be and it hereby is granted a certificate of public convenience and necessity to proceed with the

proposed construction as set forth in the plans and specifications of record herein.

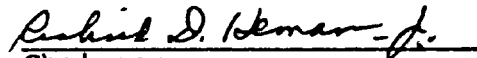
2. Southern Madison's method for financing the proposed construction be and it hereby is approved.

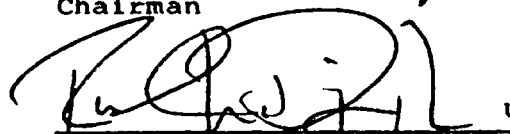
3. Southern Madison shall comply with all matters set out in Findings 4 through 7 as if the same were individually so ordered.

Nothing contained herein shall be deemed a warranty of the Commonwealth of Kentucky, or any agency thereof, of the financing authorized herein.

Done at Frankfort, Kentucky, this 27th day of July, 1987.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director